

If you are starting a small business in Washington, you need to be aware of the tax registration requirements for businesses.

Most persons conducting business in Washington are required to have a tax registration. However, certain small businesses are not required to be registered with the Department of Revenue.

An active tax registration is required of persons meeting any of the following conditions:

- ▶ Conducts business in this state and makes retail sales of any amount;
- ▶ Earns gross income of \$12,000 or more before expenses;
- ▶ Owes other taxes or fees to the Department of Revenue;
- ▶ Operates as a buyer or processor of “Cedar” or “Specialty Wood Products” (SHB 1406 - Chapter 401, Laws of 2005);
- ▶ Engages in a business activity requiring a license under this state’s master license program.

The following is a detailed explanation of the requirements.

Conducts business in this state and makes retail sales of any amount

State law defines the activities that are subject to the retail sales tax. Generally speaking, all sales of goods to consumers are considered retail sales. In addition, a variety of services applied to real or personal property are also taxable, as well as certain other personal services and activities.

Sale of any item at retail

A retail sale is the sale of an item to a consumer, as compared to selling an item to a wholesaler who will resell it to a user. All sales are considered retail sales unless the seller receives a resale certificate from the buyer. The certificate frees the seller from collecting retail sales tax. For more information on resale certificates, please contact the Department of Revenue at 1-800-647-7706.



Repairing, installing, altering, decorating, cleaning, constructing, or improving any real or personal property for consumers

A variety of services are considered retail sales and subject to retail sales tax. These include the improvement of real property (such as buildings) or personal property (such as equipment and vehicles).

Certain services

A business that performs certain services is required to collect retail sales tax and register with the Department of Revenue.

The following transactions/services are defined as retail sales and subject to the retail sales tax:

- ▶ Sales of extended warranties;
- ▶ Personal services such as physical fitness services (including Pilates training and aerobic classes), tanning, and tattoo services;
- ▶ Landscape maintenance and horticultural services, including lawn mowing, tree and shrub pruning and trimming, spraying, fertilizing, and insect and pest maintenance (excluding farmers);
- ▶ Service charges for tickets to professional sporting events;
- ▶ Rental of equipment with operators;
- ▶ Steam and Turkish baths, including hot tubs;
- ▶ Escort and dating services;
- ▶ Construction services for land owners;
- ▶ Amusement and recreation businesses, including golf, billiards, bowling and similar activities;
- ▶ Clearing land and moving earth;
- ▶ Towing and parking automobiles;
- ▶ Cleaning, fumigating, razing, or moving structures, cleaning and repairing furnaces and septic tanks and snow removal;

- ▶ Renting or leasing tangible personal property;
- ▶ Charges for lodging and the use of real property for periods less than one month by hotels, motels and similar establishments which provide accommodations;
- ▶ Competitive and network telephone services;
- ▶ Charges for tangible personal property purchased by service businesses; and
- ▶ Charges by abstract, title insurance, escrow and credit bureau businesses, including tenant screening services.

Personal and professional services are not considered retail sales. These services include those provided by health practitioners, all massage services, attorneys, accountants, barbers and beauty salon operators, etc. If you have questions regarding retail services, please contact the Department of Revenue at 1-800-647-7706.

Earns gross income of \$12,000 or more before expenses

If you think your annual gross business income may be close to \$12,000, you should register. If you feel you don't need to register now, be sure to contact the Department of Revenue if your annual gross receipts do exceed \$12,000 or there is a change in the type of activity your business performs. At that time you may be required to register with the Department of Revenue and other agencies.

Owes other taxes or fees to the Department of Revenue

The Department of Revenue collects a number of taxes in addition to the retail sales and business and occupation taxes. These taxes include the use tax on purchases for use in Washington for which sales tax is not paid, forest tax on harvested timber, tobacco tax, refuse collection tax, fish and litter taxes. Businesses owing any of these or other taxes collected by the Department are required to register by completing a Master Application. Applications are available from the Secretary of State and the departments of Revenue, Licensing, Employment Security, and Labor and Industries.

Operates as a buyer or processor of “Cedar” or “Specialty Wood Products”

Any buyer or processor of cedar or specialty wood products must be registered with the Washington Department of Revenue **effective July 24, 2005** (Chapter 401, Laws of 2005).

Engages in a business activity requiring a license under this state’s master license program

Some businesses require licenses which must be renewed each year. These include liquor licenses, licenses for lottery retailers, cigarette retailers and wholesalers, and licenses for egg, pesticide, seed and nursery dealers.

Please contact the Department of Licensing at **(360) 664-1400** for more information on renewable licenses.

Do you need to register with other state agencies?

When businesses open in Washington, they are often required to register with multiple state agencies. For instance, businesses with employees must register for industrial insurance with the Department of Labor and Industries, and for unemployment insurance with the Employment Security Department. Even if you don’t have to register with the Department of Revenue, you may still be required to fill out a Master Application and register with other agencies.

If your business meets all of the above criteria for not registering with the Department of Revenue, you must still fill out a Master Application if your business plans to hire employees or register a trade name.

If you are not sure whether you need to register, don’t take a chance. Contact the Department of Revenue for assistance.

To inquire about the availability of this publication in an alternate format for the visually impaired, please call **(360) 705-6715**.

Teletype (TTY) users please call **1-800-451-7985**.

**Washington State Department of Revenue
Taxpayer Assistance Locations:**

Bellingham

(360) 676-2114
1904 Humboldt Street
Suite A
Post Office Box 1176
Bellingham 98227-1176

Everett

(425) 356-2911
11627 Airport Road
Suite B
Everett 98204-8714

Kent

(253) 437-3440
20819 72nd Avenue S
Suite 680
Kent 98032

Port Angeles

(360) 457-2564
734 East First Street
Suite B
Post Office Box 400
Port Angeles 98362-0064

Richland

(509) 734-7526
1657 Fowler Street
Post Office Box 140
Richland 99352

Seattle

(206) 956-3000
2101 4th Avenue
Suite 1400
Seattle 98121-2300

Spokane

(509) 482-3800
4407 N Division
Suite 300
Spokane 99207-1685

Tacoma

(253) 593-2722
3315 South 23rd Street
Suite 300
Post Office Box 11180
Tacoma 98411-1180

Tumwater

(360) 705-6676
6500 Linderson Way SW
Suite 102
Post Office Box 47478
Tumwater 98504-7478

Vancouver

(360) 260-6176
8008 NE 4th Plain Boulevard
Suite 320
Post Office Box 1648
Vancouver 98668-1648

Wenatchee

(509) 663-9714
630 N Chelan Avenue
Suite B3
Post Office Box 220
Wenatchee 98807-0220

Yakima

(509) 575-2783
1714 S 16th Avenue
Yakima 98902-5713

Telephone Information Center 1-800-647-7706

**Do you need
to register
your business?**

